

FEUD OVER CONSULTANT MARS ENERGY PLAN - Times-Picayune, The (New Orleans, LA) - January 14, 1993 - page B1

January 14, 1993 | Times-Picayune, The (New Orleans, LA) | KEVIN BELL Staff writer | Page B1

A New Orleans City Council committee is expected to approve a NOPSI energy conservation proposal today that advocates say has the potential to save consumers millions, but critics say is marred by cronyism.

NOPSI's Least-Cost Planning proposal, which the utility has been working on since 1991, has flaws that council members expect the company to correct before the full council votes on the measure. Least-cost planning aims to slash utility bills by educating ratepayers on ways to reduce energy consumption. Lower energy consumption lessens the need for new power plants.

Proponents acknowledge that the NOPSI plan has problems, such as the failure to include businesses owned by minorities and women or failure to come up with an alternate plan, but insist they are not fatal and should not derail its adoption.

But what is likely to prolong the debate is a sharply contested political feud over which consulting firm should get the lucrative contract to implement and monitor the plan.

At the center of the storm are the members of the council Utility Committee - Joseph Giarrusso, James Singleton and Lambert Boissiere Jr.; the consultant of their choice, **Legend Consulting** Group Ltd. of Denver; and the local consumer watchdog group, the Alliance for Affordable Energy.

Legend is headed by engineering contractor Joseph Vumbaco, who for at least a decade has worked for the city as a consultant on energy matters. Vumbaco's estimate for the conservation job: as much as \$480,000.

The committee's choice of Legend is strongly opposed by the Alliance, which favors another firm, the Wisconsin-based MSB Energy Associates.

MSB had been the city's adviser on least-cost planning since June 1991, when the council ordered Entergy Corp. and its subsidiaries NOPSI and Louisiana Power and Light Co. to create the program. The council phased out the company's contract.

MSB's estimate for the conservation job: \$350,000 - or \$130,000 less than Legend.

Giarrusso said Vumbaco's \$480,000 estimate could likely be too large. "It's not etched in stone," he said.

Gary Groesch, executive director of the Alliance, says his group objects to MSB being "closed out." He said Legend has no practical experience in developing conservation-oriented energy programs.

Vumbaco called Groesch's charge that he is inexperienced with least-cost planning "categorically false." He listed the experience of a top aide who he said has designed or evaluated similar projects in Virginia, Utah and Illinois.

MSB points to its analytical work in other states such as Georgia, Wisconsin and Minnesota as proof of its expertise.

Groesch also points to Vumbaco's relationship with the committee members and his record of small but steady contributions to their campaigns as the reason for being favored for the contract.

Since 1990, Vumbaco and his firm have contributed at least \$1,400 to the campaigns of Giarrusso, Singleton and Boissiere: at least \$400 to Singleton, \$500 to Boissiere and \$400 to Giarrusso.

Giarrusso, chairman of the utility committee, and Vumbaco strongly rejected the notion that the decision was political.

"Our idea is that Vumbaco is very well known here, he's familiar with the area and we've used him for years," Giarrusso said. "He's a proven commodity."

Least-cost planning changes the way utilities earn their profits. Traditionally, utilities are allowed to earn a profit on the cost of serving their customers, including the cost of building electric power plants. In return for forgoing construction of additional power plants, NOPSI would be allowed to earn a profit on conservation services to customers.

Such programs include energy audits in homes throughout the city, installation of long-lasting compact-fluorescent lights, low-flow shower heads and insulating blankets for electric heaters. Low-income residents could receive free service, while others would be billed at half-cost.

Other components of the plan call for customer credits of as much as \$40 per year for letting Entergy shut off air conditioners for 15 minutes per hour during peak hours, and similar programs for water heaters. Rebates would be offered to appliance and installation companies that promoted and installed high-efficiency heating and air-conditioning units.

The committee will file a resolution accepting the NOPSI filing on the condition that its concerns be eliminated through negotiation between Entergy, NOPSI and LP&L within 30 days.

Among the deficient areas are NOPSI's failure to develop a plan independent of Entergy that would be more specific to New Orleans ratepayers, the absence of a required backup or alternate plan, and the failure to address the goals earlier stipulated by the council concerning participation of businesses owned by minorities and women."